

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice FLP-168

1941-A, 1941-B, 1945-D

For: FSA Offices

Financing Farm Vehicles Using Operating Loan (OL) Funds

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksey

1 Using OL Funds

A

Background

The ConAct, Section 312 provides the purposes for using OL funds. FmHA Instruction 1941-A, Section 1941.16 and FmHA Instruction 1945-D, Section 1945.166(c) specify the authorized purposes for farm operating loans.

B

Purpose

This notice provides the procedures for making an OL type loan for farm vehicles that are used exclusively for farm operating purposes.

C

Loan Approval

Loan Approval Officials **may** approve loans for the purchase, repair, or refinancing of farm vehicles used for farm purposes when:

- there is verification that the vehicle will be used **exclusively** for farm operating purposes

Note: The income tax treatment of a vehicle is a good indication of its use. If the farm vehicle is or will be depreciated as a farm asset, FSA financing may be authorized.

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Disposal Date

June 1, 2002

Distribution

All FSA Offices; State Offices relay to County Offices

1 Using OL Funds (Continued)

C

Loan Approval (Continued)

Example: Grain or livestock hauling trucks, vehicles needed to pull wagons or livestock trailers, pick-up truck used exclusively for farm business.

- the applicant documents the **need** for the purchase, repair, or refinancing
- the applicant thoroughly documents that other credit is not available from usual sources, including dealers and banks

Note: When a farm vehicle is being purchased, dealer and bank financing is usually readily available, often at very low rates.

the applicant documents that the vehicle being purchased, repaired, or refinanced is **modest in size, utility, and cost** and meets the **need** of the operation

- a security interest in the farm vehicle will be perfected according to State laws.

Note: State Instructions to FmHA Instruction 1941-B shall specify the procedure to perfect a lien on a motor vehicle.

Loan Approval Officials **shall not** approve loans to purchase vehicles to be used primarily for personal use.

D

Contacts

If there are questions about this notice:

- State Offices may contact Pat Spalding, LMD at 202-720-1632
 - County Offices may contact the State Office.
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